

Message Text

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ACTION ARA-10

INFO OCT-01 ISO-00 FEA-01 ERDA-05 AID-05 CEA-01 CIAE-00

CIEP-01 COME-00 DODE-00 EB-07 FPC-01 H-02 INR-07

INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-04 USIA-06

SAM-01 OES-06 SP-02 SS-15 STR-04 TRSE-00 PA-01 PRS-01

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E.O. 11652: N/A

TAGS: ENRG, AR

SUBJECT: RECENT PETROLEUM DEVELOPMENTS; YPF DIRECTOR CALLS FOR
EXPANDED PARTICIPATION PRIVATE CAPITAL IN PETROLEUM SECTOR

REF: BUENOS AIRES 1322, FBIS 3124

1. ENERGY AND PETROLEUM VERY MUCH IN NEWS LATELY.

2. ON APRIL 26, RETIRED GENERAL JUAN CARLOS REYES SWORN
IN AS NEW DIRECTOR OF STATE OIL COMPANY (YPF). IN PRESS
CONFERENCE FOLLOWING INAUGURATION CEREMONY, REYES SAID
ARGENTINA MUST URGENTLY INCREASE PETROLEUM PRODUCTION TO
REACH HIGHEST LEVEL SELF-SUFFICIENCY IN SHORTEST POSSIBLE
TIME. AT SAME TIME HE WAS CAREFUL TO POINT OUT EXISTING
ENERGY CONTRACTS WITH NEIGHBORING COUNTRIES (E.G. BOLIVIA,
CHILE) WOULD CONTINUE TO OPERATE. HE EMPHASIZED IMPORTANCE
OF ACTIVE PARTICIPATION BY PRIVATE COMPANIES, PARTICULARLY
IN AREAS OF EXPLORATION, DRILLING AND DEVELOPMENT. REYES
SAID ARGENTINA SPENT \$417 MILLION IN 1975 ON IMPORTS OF
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CRUDE OIL, DERIVATIVES, AND GAS WHICH REPRESENTED MORE THAN

BALANCE OF PAYMENTS COULD AFFORD. IN RESPONSE TO REPORTER'S QUESTION, REYES SAID GOA STUDYING ISSUE OF RENEWED ACTIVITY OF FOREIGN PETROLEUM COMPANIES IN DISTRIBUTION AND RETAIL SALES. (LOCAL ESSO REP HAS TOLD US ESSO DOES NOT WANT TO RE-ENTER RETAIL BUSINESS FOR POLITICAL REASONS BUT SOME ELEMENTS IN ARMED FORCES FAVOR THIS COURSE.) REYES ALSO REFERRED TO MARTIME DRILLING RIG WHICH YPF HAS PURCHASED FROM VENEZUELAN OIL COMPANY AND WHICH PRESENTLY UNDER CONSTRUCTION BY COMPAGNIE FRANCAISE D'ENTREPRISES METALLIQUES IN FRANCE. REYES SAID YPF WOULD TAKE POSSESSION NEXT MONTH AND RIG WOULD LIKELY ARRIVE IN ARGENTINE WATERS BETWEEN NEXT SEPT AND OCT. NEW INTERNATIONAL BIDS FOR OFFSHORE EXPLORATION, ETC. WOULD LIKELY BE ISSUED AT THAT TIME.

3. ENERGY SECRETARIAT RECENTLY PROVIDED PETROLEUM PRODUCTION FIGURES FOR FIRST QUARTER 1976 WHICH INDICATE PETROLEUM PRODUCTION CONTINUING DECLINE FOLLOWING TREND OF LAST SEVERAL YEARS. ACCORDING TO DATA IN PRESS, ARGENTINA PRODUCED 5,596,600 CUBIC METERS OF PETROLEUM DURING JAN-MAR 1976 COMPARED WITH 5,775,000 CM. DURING FIRST QUARTER 1975, A DECLINE OF 3.1 PERCENT. SHARP DECLINES ALSO GIVEN FOR FIRST QUARTER SALES OF COMMON GASOLINE (MINUS 10.1 PERCENT), SPECIAL GASOLINE (MINUS 4.4 PERCENT) AND DIESEL OIL (MINUS 22.8 PERCENT).

4. U.S. PETROLEUM COMPANIES WHOM WE HAVE CONTACTED ARE OPTIMISTIC REGARDING NEW SITUATION WHILE NOTING LITTLE OF REAL SUBSTANCE ACCOMPLISHED YET. CITIES SERVICE REP TELLS US ENERGY SECRETARY GUILLERMO ZUBARAN HAS REQUESTED CITIES SERVICE TO COME UP WITH PROPOSALS FOR EXPANDING PRODUCTION UNDER ITS SERVICE CONTRACT. HE SAYS RESPONSE WILL BE GIVEN TO ZUBARAN FOLLOWING CONSULTATION WITH CITIES SERVICE HOME OFFICE. LOCAL AMOCO REP SAYS ENERGY SEC ALSO HAS REQUESTED AMOCO LOOK INTO POSSIBILITY EXPANDING PRODUCTION UNDER ITS CONTRACT. AMOCO REP SAYS HIS COMPANY INTERESTED BUT FIRST STEP MUST BE SATISFACTORY GOA ACTION TO RAISE AMOCO'S CONTRACT PRICES TO REASONABLE LEVEL. ESSO REPORTS NO SIGNIFICANT NEW DEVELOPMENTS IN ITS SITUATION.

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Message Attributes

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